

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Central Community Corporation ("Company"), banking subsidiary, First State Bank Central Texas ("Bank")

Point of Contact:	Donald R. Grobowsky	RSSD: (For Bank Holding Companies)	1832048
UST Sequence Number:	784	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	22	FDIC Certificate Number: (For Depository Institutions)	11151
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 22, 2009	City:	Austin
Date Repaid ¹ :	N/A	State:	Texas

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The capital infusion supported all lending activities through maintaining regulatory capital levels above well capitalized minimums. This enabled more lending to occur. Total lending was down 7% to \$600.0 million in total loans as of December 31, 2010 versus yearend 2009.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

In 2010, the Bank originated \$26.2 million in home mortgage loans, a 56% increase over 2009. In addition, the Bank in 2010 made SBA Guaranteed Loans of \$15.1 million as of December 31, 2010, a 10% increase over 2009.

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X Increase securities purchased (ABS, MBS, etc.).

The CPP investment partially was attributed to the securities portfolio increase to \$357 million at year end 2010, a 36% increase over the \$262 million portfolio as of December 31, 2009.

X Make other investments.

In March 2009, the Company invested \$10,000,000 into common stock of the Bank. During March 2009, the Company also invested an additional \$3.5 million into a non-banking subsidiary which purchased certain non performing assets from the Bank at fair value.

X Increase reserves for non-performing assets.

During 2010, a provision to the loan loss reserve of \$5.5 million was made, with the allowance for loan losses of the Bank being \$16.4 million at December 31, 2010, a 25% increase over the allowance of \$13.1 million at year end 2009. The CPP Investment indirectly supported this increase.

X Reduce borrowings.

The CPP investment indirectly supported total other borrowings being reduced 10% to \$77 million, as of December 31, 2010 versus \$86 million as of year end 2009.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

The CPP investment was held as additional capital reserves in light of the uncertainties in the current economic environment.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The Company was well capitalized with continued earnings before the CPP investment. However, the February, 2009 \$22 million capital infusion from the CPP funds, as well as a \$5 million common stock private placement, together caused all regulatory capital ratios to be strengthened and remain above the well capitalized levels. Therefore, the CPP funds might be considered as a buffer should the future economic circumstances or asset quality cause the Company capital to be eroded.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

In March 2009, \$10 million from a portion of the CPP investment was used to purchase common stock of the Bank. During March 2009, the Company was also able to fund an additional \$3.5 million into a non-banking subsidiary earlier capitalized for \$3.25 million, which purchased certain non performing loans from the Bank at the then fair market value. The the extent of the purchases, this increased the overall asset quality of the Bank.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

The capital infusion strengthened management's ability to focus on its continued overall priorities of reducing the level of commercial real estate loans to 130% of capital at 12-31-10.